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MINUTES

OGC HAS REVIEWED.

OF THE

CIA CAREER COUNCIL

29th Meeting, Monday, 11 June 1956, at 2:00 p.m.  
DCI Conference Room, Administration Building

Present: Harrison G. Reynolds, D/Pers, Chairman  
Matthew Baird, D/TR, Member  
Richard Helms, COP-DD/P, Alt. for DD/P, Member  
Lyman B. Kirkpatrick, IG, Member

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[REDACTED]  
[REDACTED] SA/DDI/AD, Alt. for DD/I, Member  
Lawrence K. White, DD/S, Member  
[REDACTED] Executive Secretary  
[REDACTED] Reporter

Guests: H. Gates Lloyd, Asst. Dep. Dir. (Support)  
John Warner, Deputy General Counsel  
[REDACTED] h/BCD/OP, President of GEHA  
[REDACTED] DCh/BCD/OP, Vice-President of GEHA  
[REDACTED] the Board of GEHA, Inc.  
[REDACTED] Chairman  
[REDACTED] Member  
[REDACTED] Member  
[REDACTED] Member  
[REDACTED] Member  
John Tietjen, Member

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1. The Council met with the Board of Directors of GEHA, Inc. to discuss problems connected with the insurance of persons who may be engaged in hazardous duty. Under particular discussion was a resolution passed by the Board of Directors of GEHA at a duly constituted meeting on 31 May 1956 which read, in part,

"...RESOLVED, That from the standpoint of GEHA policy, this Board of Directors moves that the Officers of GEHA not approve applications of personnel of any project, other than true Staff Employees and Staff Agents, for insurance of any kind which GEHA administers.

"RESOLVED FURTHER, That the Board is desirous of seeing handled through appropriate operational procedures, those policies already issued to personnel of the types described above..."

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2. The problem had been originated by the issuance of policies to certain personnel engaged in a particular project and by the prospect of the issuance of policies to additional similar persons. These persons had been appointed as Staff Employees with the specific approval of the DCI. Their assigned missions are extra hazardous.

3. The Council reviewed the "hazardous duty/insurance" situation beginning with the Hazardous Duty Working Group appointed in October 1952, the report of that Group, the recommendations to the Council of the head of the President's Commission on Hazardous Duty and Incentive Pay, the decision of the Council in March 1953 not to recommend hazardous duty pay, but an insurance program instead, the establishment of and instructions to the Insurance Task Force in May 1953, the approval of the report of that Task Force in June 1954, and the negotiations leading to a contract with the United Benefit Life Insurance Company. It reviewed the actuarial basis for the contract in view of the circumstances surrounding the project personnel, insurance of whom had occasioned the present review. The Council heard the views of each of the members of the Board of GEHA present and considered the advice of the General Counsel. The Council considered three possible effects that a drastic change in mortality experience might have on the UBLIC group life insurance: a) Change in the level of the individual policy premium; b) Reduction or elimination of possible dividends; c) Cancellation of the master contract.

4. The Council agreed,

a) that all present commitments, to the number of approximately 19, be honored and the insurance kept in force.

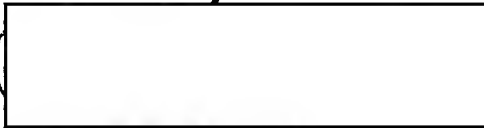
b) that approximately 11 additional persons in the same circumstances to a total of approximately 30, be covered by similar insurance policies.

c) that, should there be any further mortalities (one having already occurred) among this group of persons, the Council be immediately informed so that it could consider, 1) whether the death claim would be handled with UBLIC/Omaha (and thereby reduce the potential annual dividend and/or incur the possibility of an increased premium), or 2) whether the death claim would be paid by the Agency from operational funds, or 3) whether the Agency should in part make good the loss to GEHA.

d) that the General Counsel determine whether lc(2) or lc(3) are legally feasible.

e) that the Board of Directors of GEHA report back to the Council its views on the above points agreed to by the Council.

5. The Council adjourned at 3:25 p.m.

  
Executive Secretary  
CIA Career Council

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AGENDA

FOR THE

CIA CAREER COUNCIL

29th Meeting, Monday, 11 June 1956, at 2:00 p.m.  
DCI Conference Room, Administration Building

1. The Council will meet with the Board of Directors of Government Employees Health Association, Inc. (GEHA) to discuss problems connected with the insurance of persons who may be engaged in hazardous duty.
2. The next regular meeting of the Council will probably be held on Thursday, 21 June at 4:00 to continue the discussion of the proposals on competitive promotion.

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CIA CAREER COUNCIL

29th Meeting

Date: 11 June 1956

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INDEX OF MISCELLANEOUS SUPPORTING PAPERS

DOCUMENT OR PAPER:

TAB

Distribution List for CIA Career Council Agenda

1

Returned DDCI Agenda "Routing and Record Sheet"

2

Chairman, CIA Career Council, briefed joint meeting of Career Council and Board of Directors of GEHA, Inc., 11 June '56 on "Hazardous Duty and Insurance," (resume of Hazardous Duty Working Group and Insurance Task Force accomplishments - Oct. '52-29 July '54).

3

Memo, "Govt. Employees Health Association," 11 June '56, fm Gen Counsel to Chairman, CIA Career Council, outlining purpose and responsibilities of GEHA in connection with hazardous duty coverage, and suggesting that Council and GEHA Board meet to define policies and requirements for insurance to cover all categories of Agency employment. "Certificate of Passage of Resolution Government Employees' Health Association, Inc.," 31 May '56, by Secretary of GEHA attached, outlining Resolutions adopted at 31 May '56 meeting of Board of Directors of GEHA. FOR RECORD ONLY.

4

Memo, "GEHA," fm Gen Counsel to DD/S, 8 June '56 (LS 6-1260), re GEHA official resolutions concerning coverage/noncoverage of CIA employees on Project AQUATONE and similar hazardous assignments and recommending that Agency policies be made specific for the guidance of Board of Directors of GEHA. (Not used at Council Meeting. Background only." RB)

5

"Cast of Characters", 11 June '56 [redacted] list of identities supplied Council Members - appear in Transcript of 29th Meeting).

6

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List of Agency Deaths, 1954 - fm 1 July 1954, and year of 1955, showing Status, Name of Employee, Date, Cause of Death.

7

Para 5 of TAB A, "Report to the CIA Career Service Board from the Insurance Task Force in Respect to Indemnities and Benefits Following Death and Disability," 1 July 1954. (TAB A gives death statistics for Staff Employees and Staff Agents of CIA, and State and Agriculture employees. Para 5 lists causes of Agency deaths and ratio of CIA vs those of total US population.

8

Memo, "Transcript and Minutes of Joint Meeting of Career Council and GEHA," dtd 18 June '56, fm Exec Secy to Chairman, Board of Directors of GEHA, 11 June '56, for record of final discussions and decisions of the Council.

9

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18 June 1956

MEMORANDUM FOR: [redacted] Chairman,  
Board of Directors of GEHA

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SUBJECT: Transcript and Minutes of Joint Meeting of  
Career Council and GEHA

1. Attached is an excerpt from the transcript of the Career Council meeting of 11 June containing the final discussions and decisions of the Council. This transcript has been reviewed by Col. White and it is my understanding that he concurs in its accuracy and intent. There are also attached seven copies of the minutes of the Career Council meeting of 11 June. These minutes will be referred to the Career Council at its meeting on Thursday, 21 June for approval by the Council.

2. With regard to the verbatim transcript, it is a rule of the Council that the transcript is not available to persons who were not present at the meeting and that quotations "on the record" of the remarks of the members of the Council are not authorized.

3. With regard to the minutes of the Council, distribution is being made only to those persons who were present at the meeting.

[redacted]  
Executive Secretary  
CIA Career Council

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## 5. Causes (CIA):

U.S. Pop. a/

a. Heart	25	(35%)	32.5%
b. Cancer	11	(16%)	13.7%
c. Suicide b/	6	(9%)	1.1%
d. Ulcers, Obstruction, Peritonitis	6	(9%)	
e. Polio (3) Diphtheria (1)	4		
f. Complications following operation	2		
g. Accident not in line of duty	5	(7%)	

By fire while trysting 1  
 By air crash on LWOP 1  
 By mountain climbing 1  
 By auto collisions 2

h. Accident in performance of duty 8 (12%)

By explosion of gasoline 1  
 By air crash (Sched.) 3  
 By air crash (Non-Sched.) 1  
 By boom of crane 1  
 By ship sinking 1  
 By shooting (2nd party) 1

i. By enemy action 2

TOTAL 69

(PERFORMANCE OF DUTY TOTAL: 10 (14.7%) c/)

a/ U. S. Public Health Service 1948  
 b/ 5 suicides in DD/P  
 c/ 8 Performance of Duty in DD/P

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*Distributed to members  
 at Council Meeting 11 June*

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1954

DEATHS FROM JULY 1, 1954

<u>Status</u>	<u>Name</u>	<u>Date</u>	<u>Cause</u>
S/E			Cancer
S/E			Cerebral hemorrhage
S/E			Heart attack
S/A	B		
25X1A9A			Plane crash
S/A	B		Polio
S/E			Heart attack
S/A	B		Cancer
S/E	A		Heart attack
S/E			Heart attack
S/E			Heat prostration
S/E			
S/E			Cancer
S/E			Pneumonia
S/E			Heart attack
S/E			Heart attack
S/E			Lung ailment
S/E	A		Cerebral hemorrhage
S/E			Asphyxiation
S/E			
S/E	A		Auto accident
S/E			Cancer
S/E			Gall bladder operation
S/E			Cancer (?)
S/A			Bright's Disease
S/E			Plane crash

*Available at Council Meeting  
on 11 June. Details not presented.*

1956

DEATHS

<u>Status</u>	<u>Name</u>	<u>Date</u>	<u>Cause</u>
S/E			Heart attack
S/E			Heart attack
25X1A9A S/A	A		Drowning
S/E			Auto accident
S/E			Fall from building
S/E			Heart attack
AB			Plane crash



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Next 1 Page(s) In Document Exempt

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LS 6-1260

8 June 1956

MEMORANDUM FOR: Deputy Director (Support)

SUBJECT:

GEHA  
(of projects)

1. The Board of Directors of GEHA through official resolutions have moved that only true staff employees and staff agents be accepted for GEHA insurance and that the Board desires the policies already issued to other types of personnel be handled through "appropriate operational procedures." While not so specified, this Board action is directed at the policies issued to a special group employed by the Agency to carry out the operational aspects of Project AQUATONE. Apparently the thought behind the Board action is that the AQUATONE group is undertaking unusually hazardous duties and consequently there is a possibility of substantial insurance claims which may constitute a detriment to the other policy holders, either through reduction of rebates or an increase in rates. Tied with this thought is the fact that the AQUATONE group were recruited and employed specifically for this one Project and upon its completion will return to their previous status outside the Agency. Therefore, as we see it, the Board feels that such a temporary group are not "true" staff employees and, therefore, should not be eligible for the GEHA benefits.

2. Presumably the Board's desire to have a situation of this sort handled through appropriate operational procedures means that any insurance or other benefits should be underwritten directly out of official funds available to the Agency. The Board's action is in the form of a motion and technically does not, I believe, affect the current status of the AQUATONE group. While the Board has authority to reject applications for GEHA membership, it does not have any power to revoke membership once obtained. Furthermore, the action refers to "true" staff employment. I have no difficulty in concluding that the AQUATONE group, who have volunteered for an unusually important intelligence mission at great risk to themselves,

CONFIDENTIAL

are employees of the Agency and entitled to all the benefits any other Agency employee could acquire. In this regard it should be noted that the alternative suggested of provision of benefits directly out of official funds would impair an employee's entitlement under the Federal Employees Compensation Act, which is one of the most valuable protections available to the AQUATONE group.

3. The Board's action does, however, raise a question of the basic philosophy involved in the creation of the GEHA insurance program. On 8 May 1953 the Executive Secretary of the CIA Career Service Board reported to the Career Service Board a proposal for carrying out the decision to institute an insurance study. It was emphasized that this decision was taken simultaneously with the decision not to recommend a hazardous duty pay program. Paragraph 2. g. specifically states, "There is no question that there are risks and hazards connected with certain activities conducted by CIA. The policy decision taken by the Board was that these risks should be covered by insurance if possible rather than by incentive or hazardous duty pay." In a draft, dated 19 May 1953, of a report from the Insurance Task Force to the Career Service Board, paragraph 2 states, "At this stage it appears that the most poignant interest of the Agency in insurance matters lies in the field of risks or hazard in the carrying out of missions. These risks are variable in kind and in time. It also appears only basic justice to consider if there be some compensatory insurance aspects." The final report of the Insurance Task Force forwarded to the Director, 20 July 1954 repeatedly points out how normal commercial insurance does not provide coverage for Agency employees under various conditions. Tab B to that report in paragraph 1a(2) specifies the risks of Agency hazardous and semi-hazardous duty not covered by ordinary life policies. The Constitution and By-laws of GEHA, Inc. provide that any employee of CIA may become a member of the corporation, Article III, Section 1. Section 2 of Article III then provides that the Directors are authorized to accept or reject any application.

4. Agency Notice   which established the GEHA insurance plan, specifically recognizes the concepts discussed above. In paragraph 1. b. it points out that the Agency has developed these insurance programs in order to provide employees with better benefits and to avoid the hazardous duty and security problems

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encountered in normal commercial insurance. It points out that GEHA is a nonprofit organization made up entirely of Agency personnel and points out in paragraph 2. a. that the new term life insurance may be purchased by members of GEHA who are staff employees, staff agents, or contract employees, or who are civilian or military personnel detailed to the Agency.

5. Since GEHA was created to serve Agency purposes, the Board's action on acceptance or rejection must be consistent with Agency policy and needs. I believe it is clearly Agency policy to do everything in its power to provide the best benefits possible for employees, particularly those engaged in dangerous intelligence activities. It certainly is a need of the Agency, as one of the primary incentives to volunteers for dangerous missions is the knowledge that their families will have the best possible financial security. At this time the best arrangements we have been able to make have been the combination of benefits of the Federal Employees Compensation Act and the insurance program worked out with GEHA, which eliminates the exceptions normal to most commercial insurance. I see nothing in the background or concept of GEHA which would eliminate employees appointed for the purposes of a special project who presumably would return to their previous employment on liquidation of the project. In this connection, it should be noted that the Director on 20 March 1956 specifically authorized that the AQUATONE personnel in question be appointed by the Director of Personnel for the purposes of Project AQUATONE only so that they would qualify under the provisions of the Federal Employees Group Life Insurance Program.

6. If the capabilities required for AQUATONE had existed in the Agency and the group had, therefore, volunteered from personnel already employed, I believe there would be no thought of eliminating them from the insurance program. I can see no rationale to distinguish such a situation from that which exists when a group are asked to serve their country through employment by this Agency on a dangerous mission. I recommend that the Agency policies in this regard be made specific for the guidance of the Board of Directors of GEHA.

LAWRENCE R. HOUSTON  
General Counsel

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STATINTL

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